

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1472 – HB 1940

February 4, 2016

SUMMARY OF BILL: Changes, from June 30, 2018 to June 30, 2017, the sunset date for the Department of Human Services (DHS). Transfers the management and operations of financial accounting and reporting for DHS to the Department of Finance and Administration (F&A).

Establishes certain reporting requirements to be submitted by DHS, no later than the 30th of each month, to the Chairs of the House and Senate Government Operations Committees, the Chair of the House Health Committee and the Chair of the Senate Health and Welfare Committee, the Chairs of the House and Senate Finance, Ways and Means Committees, the Speakers of the House and Senate, and the Comptroller of the Treasury.

Requires DHS to perform both announced and unannounced physical site visits to subrecipients. Defines a “subrecipient” as a nonfederal legal entity that receives an award from DHS acting as a pass-through agency to carry out a federal program or grant. Subrecipient does not include a person that is a beneficiary of the program.

Prohibits the DHS from terminating or transferring any employee of the department, unless written notification is sent to the Chairs, Speakers, and Comptroller, with an explanation summarizing the basis for termination or transfer. Prohibits the department from terminating an employee engaged in an internal audit function or in the subrecipient monitoring process without the written approval of the Comptroller.

Requires the Office of Inspector General within DHS to establish a toll-free telephonic and web-based hotline for the purpose of receiving allegations of misconduct by department employees.

Requires DHS to distribute a copy of Tennessee Code Annotated § 39-16-402, defining the official misconduct involving public officials and employees, to the home address and work e-mail address of each department employee, to post it electronically on the DHS’ website, and include it in the employee handbook. Implementation of the proposed legislation is to be conducted within the appropriation of DHS existing resources and personnel.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$327,800/One-time
\$5,615,600/Recurring**

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Assumptions:

- According to information provided by F&A, DHS is currently included in the Centralized Accounting Plan required by Governor's 2013 Executive Order No. 30. There will be no fiscal impact due to the fact that the transfer of financial accounting and reporting to F&A is already underway.
- Based on information provided by the DHS, the increase in reporting and monitoring cannot be performed within existing resources.
- The Department will need to hire 84 additional staff members to meet the requirements of the bill:
 - Seventy Program Monitors to monitor, financially review, and report on all food program subrecipients on a monthly basis;
 - Five Administrative Assistants to support program monitors;
 - Three Program Specialists and two Program Coordinators to review monitoring reports and effectuate corrective action plans on food program subrecipients that receive monitoring findings;
 - Two Attorneys to litigate food program appeals; and
 - Two Legal Assistants to review and submit communications with federal partners on a monthly basis.
- The recurring increase in state expenditures associated with salaries and benefits for the 84 positions are estimated to total \$4,384,612:
 - \$3,646,785 for 70 program monitors (\$2,599,173 salaries + \$1,047,612 benefits);
 - \$207,505 for 5 administrative assistants (\$142,470 salaries + \$65,035 benefits);
 - \$264,750 for 2 program coordinators and 3 program specialists (\$189,132 salaries + \$75,618 benefits);
 - \$165,876 for 2 attorney positions (\$124,541 salaries + \$41,335 benefits); and
 - \$99,696 for 2 legal assistant positions (\$70,596 salaries + \$29,100 benefits).
- The recurring increase in state expenditures associated with operating costs for all 84 positions is estimated to be \$882,840 [84 positions x (\$50 supplies + \$250 computer related items + \$110 telephone billings + \$3,000 Agency Internal Administrative Costs + \$3,500 Agency Internal Office Automation Costs + \$3,600 rent or lease from state agencies)].
- The recurring increase to state expenditures associated with travel for program monitors is estimated to be \$95,550 (49 program monitors x \$1,950 average travel per monitor).
- The recurring increase to state expenditures associated with data storage of \$55,860 [(\$7.80 x approximately 700 end users) + (one STS Dedicated Server at \$4,200 x 12 months)]
- The recurring increase to state expenditures associated with documentation of all telephone and email communications with federal partners is estimated to be \$103,360 (\$100,000 per 120,000 minutes + \$1,800 chat + \$1,560 email).
- The one-time increase in state expenditures for team mate licenses for 75 program monitor and administrative assistant positions is estimated to be \$323,812 (\$128,306 first year licenses + \$195,506 hosting).
- The recurring increase to state expenditures associated with team mate licenses for 75 program monitors is estimated to be \$92,861 (\$25,661 licenses + \$67,200 hosting).

- The one-time increase to state expenditures associated with the 4,595 notices that will be mailed to each DHS employee is estimated to be \$3,480 for printing, postage, and handling costs.
- The recurring increase to state expenditures associated with the independent employee misconduct hotline is estimated to be \$510 { 12 months x [(1,250 minutes x \$0.02 per minute) + (\$17.50 monthly fee for line)]}.
- The one-time increase to state expenditures associated with the independent employee misconduct hotline is estimated to be \$450 (10 hours staff time x \$45 per hour).
- The one-time increase in state expenditures associated with signage costs at every DHS location is estimated to be \$36 (\$0.27 per sign x 133 DHS locations).
- The total one-time increase in state expenditures as a result of this bill is estimated to be \$327,778 (\$323,812 licenses + \$3,480 notices + \$450 hotline + \$36 signage).
- The total recurring increase in state expenditures as a result of this bill is estimated to be \$5,615,593 (\$4,384,612 salaries and benefits + \$882,840 operating costs + \$95,550 travel + \$55,860 data storage + \$103,360 documentation + \$92,861 licenses + \$510 hotline).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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